

**BOARD OF MADISON COUNTY COMMISSIONERS**  
**March 2, 2016 Special Meeting Minutes**  
**Targeted Economic Development Districts (TEDD)**

On Wednesday, March 3, 2016, a special meeting of the Board of Madison County Commissioners came to order at 2:30 p.m. in the Public Meeting Room of the Administrative Office Building in Virginia City, Montana, with Commissioners David Schulz, Chairman, Ron Nye, and Jim Hart present. Jani Flinn, Relief Clerk, was present to take minutes.

Attendees included Erin McCrady, Justin Ekwall, Gallatin County Commissioners Joe Skinner, Steve White, and Don Siefert, Sunny Knapton, Kris Inman, Ethan Kunard, Jon Wrzesinski, Jamie Diehl, John Scully, Bill Doggett, Allison Wentzel, Randy Lowder, Mary Oliver, Kevin Germaine, Mike DuCuennois, Billy Doyle, Abbi Thomas, Bernie Oglietti, John Bishop, Jenny Sitz, Jenny Clark, John Lee, Ginger Martello, Craig George, Kurtis Koenig, Brian Vincent, Fred Donich, Cynthia Carpenter, Shelly Burke, Vicki Tilstra, Charity Fechter, and other members of the public.

Erin McCrady, Partner, Dorsey & Whitney LLP, presented information about Targeted Economic Development Districts (TEDD). A powerpoint handout was reviewed, as follows:

- Targeted Economic Development District Act: Enacted in 2013 for Infrastructure deficient areas in local governments. A County can create a TEDD to support value-adding economic development projects and developing infrastructure to encourage the location and retention of value-adding projects.
- Value-Adding Industries include manufacturing and technology.
- The TEDD must follow the County growth policy or comprehensive development plan.

**Creating a TEDD:**

- The County must make findings that the TEDD is deficient in infrastructure improvements and adopt a comprehensive development plan that ensures that the TEDD can host a diversified tenant base of multiple independent tenants.
- A Plan must be developed which can dictate how the funds are segregated and held for specific use.
- The County sets the boundary for the TEDD, typically a corridor, but not residential neighborhoods. The Plan would define needs and targets, including the boundary.
- A "Base" is established by the Department of Revenue using property tax records. Any increase from the base in the following years becomes revenue for the TEDD.
- Getting a TEDD approved can take a year or longer. The TEDD lasts up to 15 years and Bonds can have a repayment term up to 25 years. The County can choose to change the base line over the course of the TEDD.
- Legislature has set the policy – dollars go back to infrastructure such as public utilities, roads, sewer, curb & gutter, and the county's own infrastructure.
- Costs of administering the TEDD can be paid directly from the TEDD funds.
- Bonds/loans are typically taken out to finance projects and paid back only by the TEDD. The County would have to make findings to establish sufficient tax revenue to repay the loans.
- Termination of the TEDD would be at the 15<sup>th</sup> year following the adoption of the TEDD or the payment in full or all tax increment bonds payable from tax increment derived from the district.

**Tax Increment Revenue** equals the amount of taxes collected from the levying of mills within the TEDD AGAINST the increase in taxable value of the property in the TEDD since the base year – as calculated by the Department of Revenue.

The funds cannot directly benefit private industry but can connect the district to an existing water treatment plant, for example. Funds can be used for: land acquisition, demolition and removal of structures, construction or improvement of streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and off-street parking facilities, construction or improvement of sewers, sewer lines, sewage treatment facilities, storm sewers, waterlines, waterways, water treatment facilities, natural gas lines, electrical lines and telecommunications lines.

Funds can also be used to assist secondary, value-adding industries in meeting infrastructure and land needs, and purchase, sale and leasing of land at fair value for development by private enterprise or public agencies.

The county may issue tax increment bonds only if it can establish that there is sufficient tax increment revenue each year to pay the principal and interest payments on the bonds. The County must make findings with respect to the adequacy of tax increment in the resolution or ordinance authorizing the tax increment bonds.

Even if the County establishes a TEDD, they can continue to apply for State/Federal grants, DNRC funds, Intercap/MBOI, Rural Development, GO Bonds, and RSID Bonds. In addition, Tax increment revenues can be used for the payment of other types of bonds, including water/sewer bonds, general obligation bonds or special assessment bonds.

**Concerns:**

- Is the ability to grow held up because of the “slowing” tax base from the TEDD?
- Would the schools be allowed to increase their mills to accommodate growth? How does the County set Mills?
- How can you overcome inadequate services between the Counties? Interlocal agreement could address the different kinds of growth in each county.
- Residential neighborhoods don’t typically get included in a TEDD.

**Big Sky Presentation by Kevin Germain:** Currently Big Sky is a destination resort and primarily funded by tourism. It is important to attract value-added industry to keep year-round businesses viable and in order to do that, they need to have the infrastructure to support that, including water & sewer, housing, utilities, and fire and emergency services. They have hired a consultant to analyze the taxing districts affected – about twelve. Big Sky is not incorporated and is split between two Counties – Gallatin and Madison. Current growth is about 3-4%. Sewer and water is a major need and they need to upgrade the existing ponds. The estimate to put in sewer and water lines is about \$30 million. Big Sky Sewer & Water is the current system in place. Several questions came up about workforce housing and how people could afford to live and work in Big Sky. The proposed TEDD funding could be used for housing. Fiber and broadband are also needed to support businesses. Questions were asked about the Big Sky Resort Tax Fund. This is a 3% sales tax passed in 1992 to improve the community of Big Sky, Montana. Since its inception, the money raised from the tax has played a significant role in the funding of services and programs including tourism development, infrastructure facilities, post office services, ambulance and emergency services, public transportation systems, parks and trails, community library, and other services that provide for the public health, safety and welfare within the Big Sky Resort Area District. They are considering whether the tax could be increased or not, specific to workforce housing.

Does the Master Plan for Big Sky incorporate workforce housing? Big Sky is waiting on a draft Comprehensive Development Plan and deficiency report and will share that with the Counties when it is available.

With no further business, the meeting was adjourned at 4:40 p.m.

---

David Schulz, Chairman  
Board of Madison County Commissioners

Date Approved: March 14, 2016

Minutes prepared by:

---

Jani Flinn, Clerk

Attest: \_\_\_\_\_  
Kathleen Mumme, Clerk and Recorder, Madison County